

\$500,000 windfall splits Iowa treasurers

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A rift among the state's county treasurers over an unanticipated windfall of money will likely cause confusion for Iowans who pay property taxes and register vehicles online.

Polk County Treasurer Mary Maloney is among 10 treasurers who split last month from a statewide initiative that gave homeowners and mortgage companies one Web site to make payments.

Maloney, who had managed the site for the Iowa State County Treasurers Association since it went online in 2002, said some of her colleagues opposed her move last month

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on how to navigate between them. And the increased cost to run two sites is certain to hurt treasurers' ability to lower user fees, as was previously proposed by the association.

Maloney said it was "not in the interest of taxpayers" for the nonprofit association to keep the excess interest income. So she wrote refund checks last month to each of the county treasurers and sent copies to their respective county supervisors and auditors.

"If those of us in the public sector have not learned a lesson over the past few months about piles of money, we're not paying attention," Maloney said, referring to the salary scandal at the Central Iowa Employment and Training Consortium.

But leaders of the treasurers

to refund about \$500,000 in unexpected interest income from the project to the counties' general funds.

Instead, she said, they wanted to keep the money for association purposes, out of reach of the elected officials who control county budgets.

The flap culminated in a vote of four association officers in July to take back the power they had given Maloney and hire a private firm to manage iowatreasurers.org. The response from Maloney and nine other county treasurers was to create their own Web site: iowataxandtags.com.

The rival sites leave taxpayers to guess which Web site to visit, with no explanation

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association also cite taxpayer concerns for their opposition to Maloney's refund effort. Quite simply, said Carroll County Treasurer Peggy



Maloney

Weitl, it wasn't Maloney's call to make.

"We do not want the Polk County treasurer unilaterally deciding where that money should go," said Weitl, president of the association. "Every county had sweat equity in this. We should all have a voice in it."

Some treasurers said they are holding the refund checks until they can research Maloney's calculations.

Association members, who had given Maloney the authority to control the Web site's property-tax collections, said the Polk treasurer kept them

in the dark for months about the interest income, which increased after a computer glitch last fall. When revelations about the \$507,000 windfall became known in April, "everyone was slack-jawed," Story County Treasurer David Jamison said. "We thought it was maybe \$200,000. By Mary withholding that pertinent information, I take that as a breach of trust."

Washington County Treasurer Jeffrey Garrett said Maloney never produced a complete account of the work her office billed for the association Web site.

"There's been a lot of resentment and suspicion," Garrett said. "That's why we wanted to know exactly where every penny has gone."

The divide remains so contentious that the treasurers association has refused to create links on its Web site that would refer taxpayers to the new site.

"It's absolutely poor public policy," said Poweshiek County Treasurer Lane Taylor, who severed ties with the association's Web site in the belief that Maloney had been treated unfairly. "It's bringing the public into our dirty laundry, and they don't have to be there."

Maloney acknowledged that she could have communicated details on the interest sooner, but she made no apologies for demanding control over her own county's Web payments.

"I had \$600 million going through this account every year, and 30 percent was Polk County's," Maloney said. "We bear some risk here. I can't af-

ford to outsource the work."

Association leaders said they received assurances from attorneys and auditors that the interest could legally be reserved for future Web site improvements, but Maloney said Polk County's attorneys disagreed.

The association already gets a 30-cent cut of every Internet transaction to offset costs and pay for upgrades.

The payments collected and controlled totaled about \$600 million a year, she said. Although the payments were often redistributed to the counties within 72 hours, the amounts generated tens of thousands of dollars in interest, most of which went to offset the group's costs to maintain and safeguard the money. But last fall, a computer hiccup compelled the association to hold the payments several days longer than usual, which generated \$507,000 in new income.

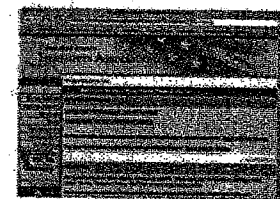
The nine counties that defected with Polk were responsible for 54 percent of Iowa's county property-tax payments in fiscal 2006.

Maloney characterized the association's decision to go its own way as short-sighted. She said she saved the group money on bank fees, audit fees and insurance when she rolled the maintenance of the Web site into the regular duties of her staff and hired help. Until last year, Maloney hadn't charged the association for her services.

Furthermore, she said, the refunds amounted to less than \$1,000 in the case of 49 counties.

Taxes and registration fees

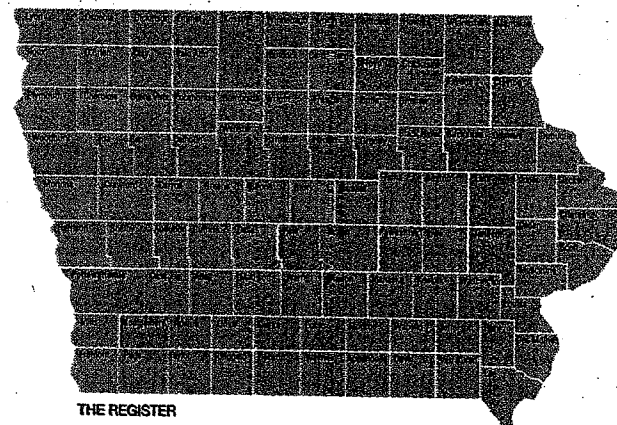
Beginning this month, Iowa residents must visit one of two Web sites if they want to pay their property taxes or renew their vehicle registration online. The second site was created earlier this year after a disagreement among county treasurers over how they could use income generated by property taxes.



www.iowatreasurers.org



www.iowaTaxAndTags.com



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"They were perfectly willing to let Polk County do what we do and not get paid. Then they saw this pot of money," Maloney said. "The project worked just fine when there was no money."

Since it went online in 2002, iowatreasurers.org has won at least five awards for what was believed to be the first Web site of its kind in the country. The site allowed taxpayers and mortgage companies to pay bills in one place. The site has since been expanded to accept payments for vehicle tags.

The Web site also saved coun-

ties the expense of temporary help during tax season.

Angela Connolly, past president of the Iowa State Association of Counties and a Polk County supervisor, said the dispute "doesn't sit well."

"This Web site was meant for the public," said Connolly, an advocate for cooperation among governments. "We should be working together, because it's to the benefit of every citizen in every county."

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